

MEDC

PT Medco Energy Internasional Tbk

Oil Rally = Earnings Surge?

- **FY25 EBITDA remained stable (~USD1.3bn) despite weaker prices, but net profit fell to USD101mn (-72.7% YoY) due to lower Amman contribution and higher impairments.**
- **Production grew to 156 mboepd and is guided higher to 165–170 mboepd in FY26, driven by Corridor, Oman, and Senoro ramp-up.**
- **Diversified growth continues across O&G, power, and mining, with rising renewables (25% mix) and disciplined capex (USD400–430mn).**
- **Reiterate BUY (TP Rp2,000), supported by earnings recovery and low-cost structure, with upside from oil prices but risks from volatility, execution, and delays.**

Earnings Pressured by Non-Operational Factors

MEDC recorded 4Q25 revenue of USD624mn (+3.3% QoQ; +3.5% YoY), bringing FY25 revenue to USD2.3bn (-0.3% YoY), supported by its defensive revenue mix (48% fixed-price gas, 52% market-linked), steady O&G performance (+1% YoY), and strong power sales growth (+57% YoY). EBITDA rose to USD206mn in 4Q25 (+24.5% QoQ; +14.6% YoY), with FY25 EBITDA remaining broadly stable at USD1.3bn (-0.6% YoY), reflecting operational resilience despite weaker pricing. However, net profit declined to USD101mn (-72.7% YoY), mainly due to lower associate contribution (Amman: USD52mn vs USD133mn in FY24) and higher impairment losses (~USD128–160mn). Cost discipline remained solid, with unit cash cost at USD8.6/boe (below guidance and consistently <USD10/boe), while the balance sheet stayed manageable with gross debt at USD3.6bn (+10% YoY) and net debt/EBITDA at ~2.0x, supported by USD633mn cash and ongoing deleveraging efforts.

Production Growth Accelerates with Strong Asset Contribution

The company delivered production in FY25 reaching 156 mboepd (+2.7% YoY) and exiting the year at >170 mboepd run-rate, supported by new start-ups (Forel, Terubuk) and strong contribution from Oman Block 60 (peaking at 77 mboepd, stabilizing ~73 mboepd). Corridor PSC consolidation (46% to 70%) added ~25 mboepd and 58 mmboc of 2P reserves, while Sakakemang contributed an additional 26 mmboc (first gas targeted in 3Q27). Senoro Phase 3 development (8 wells drilled) is expected to sustain ~110 mmscf/d plateau through 2031, with full start-up by mid-2026. For FY26, management guides oil & gas production at 165–170 mboepd and power sales at ~4,500 GWh, implying another record year supported by full-year Corridor contribution, Senoro ramp-up, and ongoing drilling programs (Oman, Suban).

Diversified Expansion Across Energy and Renewables

MEDC continues to execute a balanced growth strategy across oil & gas, power, and mining. In power, renewable expansion remains a key highlight, with commissioning of geothermal (35 MW) and Bali solar PV (25 MW), alongside ELB gas-to-power expansion (70 to 109 MW), driving +32% YoY renewable sales and lifting renewable contribution to 25% of total generation (vs 20% in FY24). Electricity sales rose to 4,371 GWh (+6% YoY). In mining, Amman contributed USD52mn, supported by copper production (209 mn lbs) and gold (103 koz), with smelter ramp-up in 4Q25 marking progress toward downstream integration. Regionally, the company expanded footprint via Malaysia PSC operatorship (~7 kbopd production), while maintaining disciplined M&A strategy targeting underperforming assets with rapid deleveraging (2–3 years payback) and value creation through operational efficiency. Capex is maintained at USD400–430mn (USD415mn O&G; USD15mn power), focusing on high-return projects while preserving financial discipline.

BUY Maintained on Earnings Recovery and Oil Price Upside

We maintain our **BUY** call on MEDC with a higher target price of **Rp2,000**, implying 7.6x FY26F PE (in line with its 5-year average), versus our previous Rp1,500, supported by strong production guidance (165–170 mboepd in 2026), resilient earnings from its defensive revenue mix and low cash cost, as well as continued portfolio optimization and disciplined deleveraging. Earnings are also expected to rebound with a recovery in Amman's contribution following a weak FY25. While heightened Middle East tensions have increased oil price volatility, MEDC's operations remain unaffected, with limited direct exposure, while higher prices provide potential upside. Key risks: weaker oil prices, prolonged geopolitical disruptions, cost inflation, project execution risks, and delays in PSC extensions or acquisitions.

Key Financial Highlights

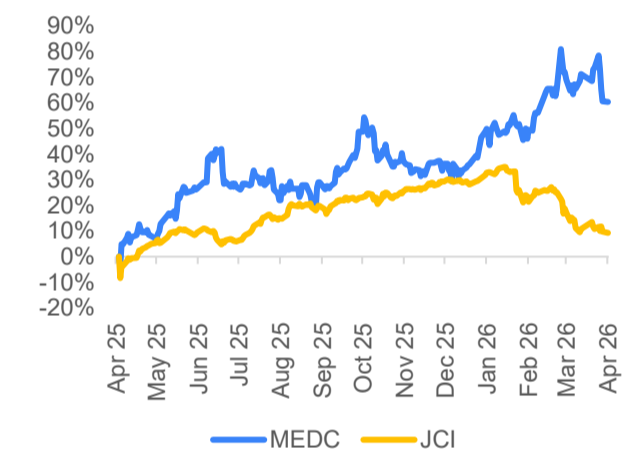
Key Metrics (USD mn)	2023	2024	2025	2026F	2027F
Revenue	2,249	2,399	2,395	2,725	2,656
EBITDA	1,245	1,264	1,256	1,457	1,382
Net Profit	331	367	101	404	383
EPS Growth (%)	-36.5	16.1	-71.5	300.3	-5.2
P/E (x)	5.78	4.74	20.29	7.54	7.95
P/BV (x)	0.94	0.74	0.87	1.53	1.39
EV/EBITDA (x)	4.18	4.20	4.41	4.00	4.22

BUY

Stock Information (as of April 9, 2026)

Last Price (Rp)	1,550
Target Price (Rp)	2,000
Potential Upside	29.0%
Market Cap (Rp tn)	1,500
52 Week Range (Rp)	39.0
Free Float	2,000 - 875
Share Out. (bn)	24.1%
Beta	25.1

1-Year Stock Performance Comparison vs JCI



Shareholders

MEDC's Shareholders	%
PT Medco Daya Abadi Lestari	51.50
Public	24.08
Diamond Bridge Pte. Ltd	21.46
Treasury Shares	1.81
Warkat	0.33

Company Description

MEDC's Company Profile

PT Medco Energi Internasional Tbk is an Indonesia-based southeast Asian energy and natural resources company. The Company is focused on three key business sectors: Oil & Gas, Clean Power and Copper & Gold Mining. The Company produces oil and gas primarily in Indonesia as well as in Oman, Thailand and Yemen.

Analyst

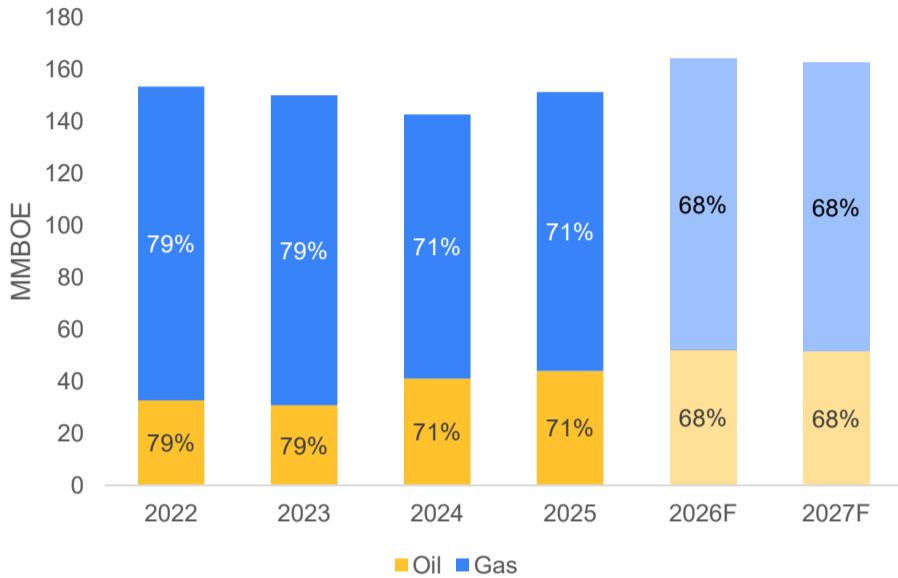
Rizal Rafly
rizal.rafly@ajaib.co.id

Figure 1. MEDC's 12M25 Financial Results

Key Metrics (USD mn)	12M25	12M24	YoY	4Q25	3Q25	QoQ	4Q24	YoY
Revenue	2343	2,349	0%	624	604	3%	603	3%
Gross Profit	936	933	0%	278	222	25%	254	9%
Gross Margin	40%	40%		45%	37%		42.1%	
Operating Profit	708	717	-1%	206	165	25%	179	15%
Operating Margin	30%	31%		33%	27%		29.7%	
Net Profit	101	369	-73%	15	48	-69%	96	-84%
Net Margin	4%	16%		2%	8%		16%	

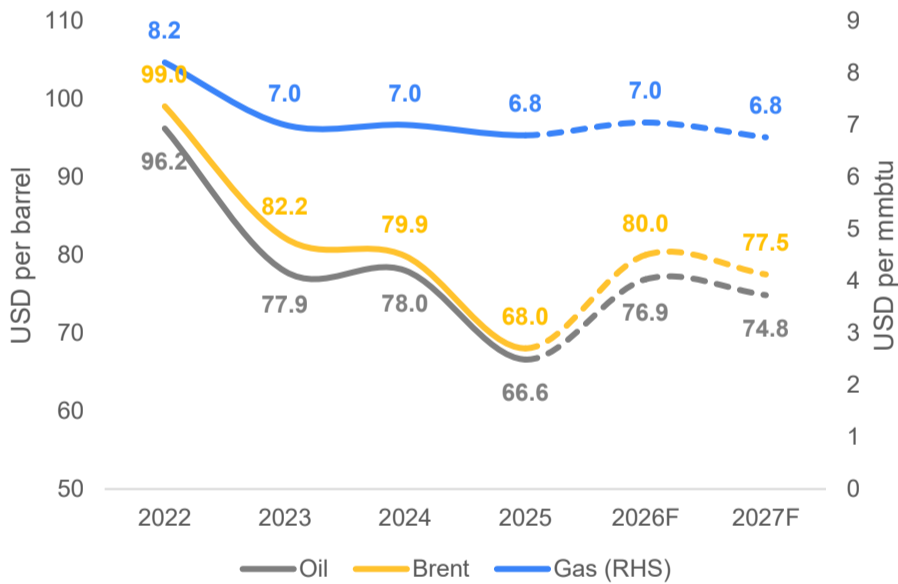
Source: Company, Ajaib Research

Figure 2. Oil and Gas Production



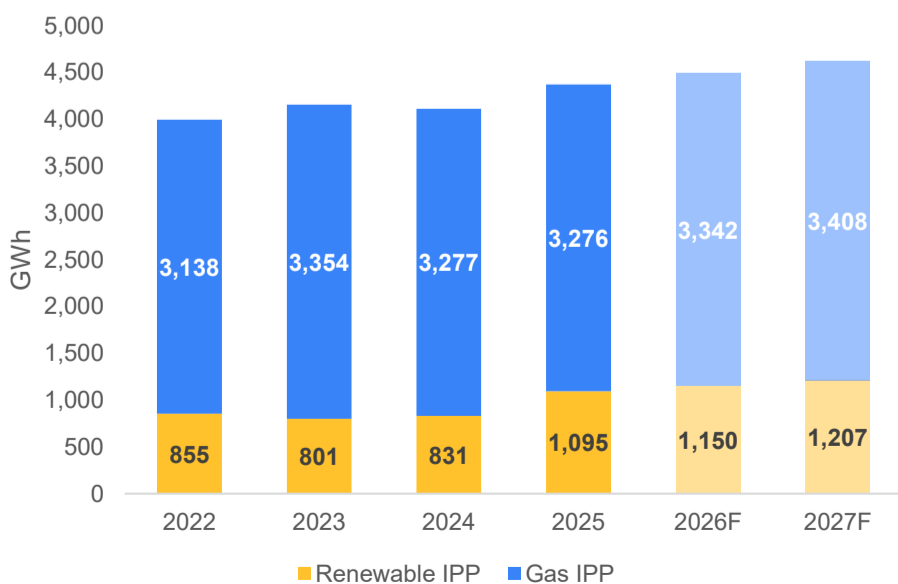
Source: Company, Ajaib Research

Figure 4. Average Selling Price Projection



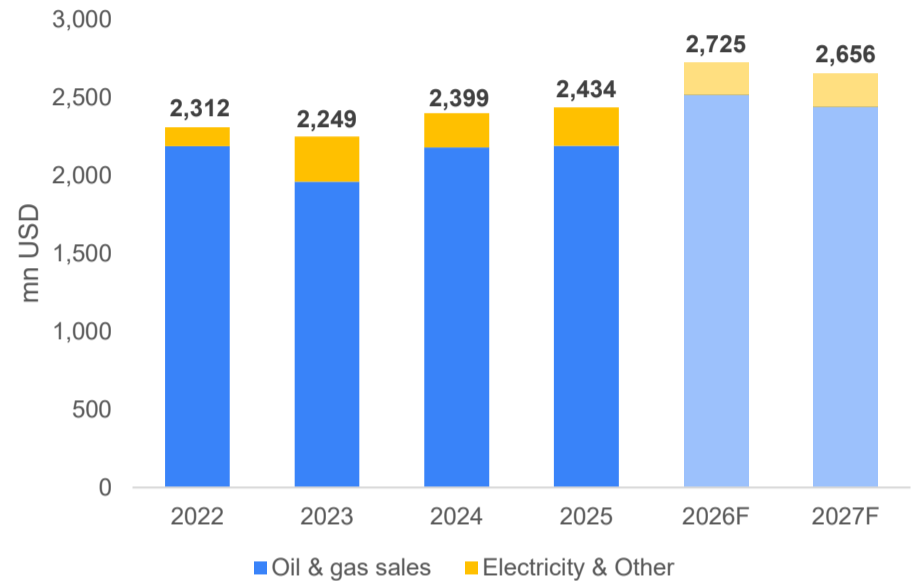
Source: Company, Ajaib Research

Figure 6. Power Sales Projection



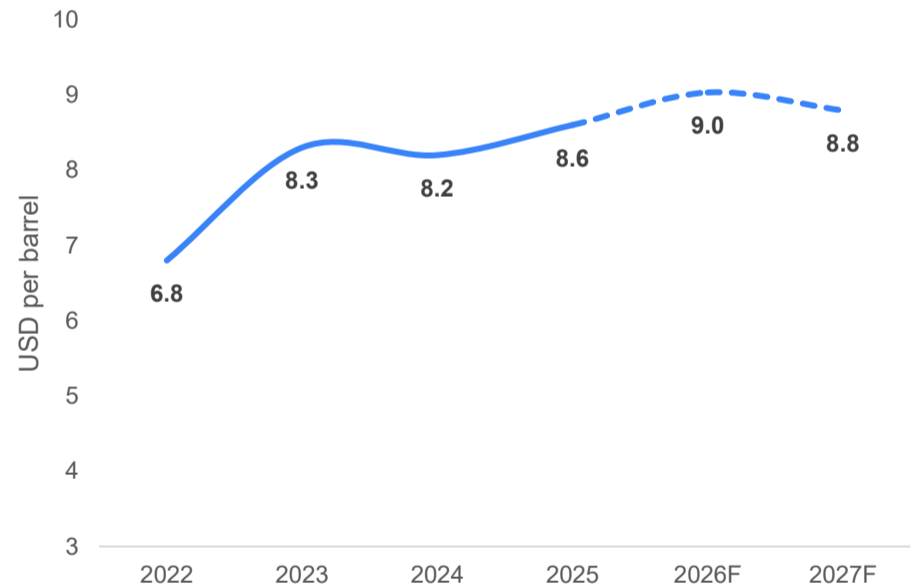
Source: Company, Ajaib Research

Figure 3. Revenue Breakdown



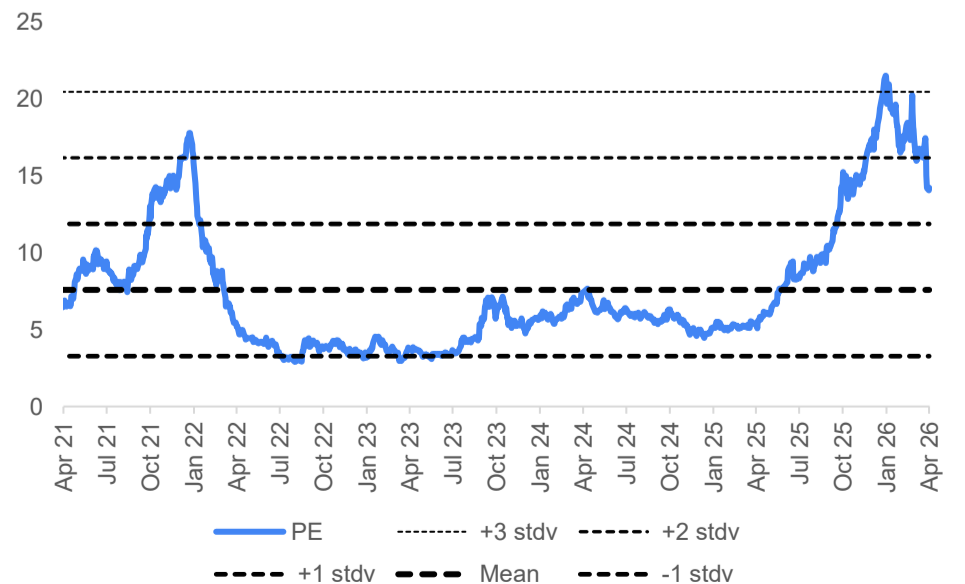
Source: Company, Ajaib Research

Figure 5. Cash Cost Projection



Source: Company, Ajaib Research

Figure 7. PE Band MEDC



Source: Bloomberg, Ajaib Research

Rating for Sectors:

Overweight : We expect the industry to perform better than the primary market index (JCI) over the next 12 months.

Neutral : We expect the industry to perform in line with the primary market index (JCI) over the next 12 months.

Underweight : We expect the industry to underperform the primary market index (JCI) over the next 12 months.

Rating for Stocks:

Buy : The stock is expected to give total return (price appreciation + dividend yield) of > +10% over the next 12 months.

Hold : The stock is expected to give total return of > 0% to ≤ +10% over the next 12 months.

Sell : The stock is expected to give total return of < 0% over the next 12 months.

Outperform : The stock is expected to do slightly better than the market return. Equal to “moderate buy”

Underperform : The stock is expected to do slightly worse than the market return. Equal to “moderate sell”

Analyst Certification:

The lead analyst(s) who prepared this equity research report confirm that the opinions stated herein genuinely represent their personal perspectives regarding all the securities or issuers discussed. Additionally, the analyst(s) assert that their remuneration was not, is not, and will not be tied, either directly or indirectly, to any specific recommendations or viewpoints presented in this report.

PREPARED BY AJAIB RESEARCH TEAM



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